

Message Text

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E.O. 11652: N/A

TAGS: BEXP, AR

SUBJ: 1980 TRADE AND ECONOMIC PROJECTIONS

REF: STATE A-1182; STATE 116763

1. BASED ON PAST TRENDS, AN AVERAGE ANNUAL RATE OF GROWTH FOR IMPORTS AT CONSTANT DOLLARS OF 13.8 PERCENT BETWEEN 1974 AND 1980, AS PROJECTED BY THE OFFICE OF MARKETING PLANNING (OMP), SEEMS TO BE TOO HIGH. ARGENTINE IMPORTS AT CONSTANT DOLLARS INCREASED AT AN AVERAGE GROWTH RATE OF ONLY 7.1 PERCENT DURING THE 6-YEAR PERIOD 1967-1973 AND AT 4.8 PERCENT DURING THE 10-YEAR PERIOD 1963-1973.

2. THOUGHT GROWTH AND IMPORT RATES BETWEEN 1977 AND 1980 CAN BE EXPECTED TO BE HIGHER THAN AVERAGE UNDER THE CURRENT GOVERNMENT'S ECONOMIC POLICIES, 1975 AND 1976 HAVE BEEN YEARS OF RECESSION. THE ECONOMY WILL ONLY BE PULLING OUT OF ITS RECESSION BY 1977.

3. ARGENTINE IMPORTS AT CURRENT PRICES WERE STABLE AT AN AVERAGE LEVEL OF 1.1 BILLION DOLLARS DURING A PERIOD OF 20 YEARS (1949-1968). THEREAFTER, THEY STARTED TO INCREASE AT AN AVERAGE RATE OF APPROXIMATELY 10 PERCENT (1969-1973). 1974 WAS AN UNUSUAL YEAR, IN WHICH TOTAL IMPORTS INCREASED SHARPLY (62.6 PERCENT FROM 2.2 BILLION DOLLARS IN 1973 TO 3.6 BILLION DOLLARS 1974), REFLECTING THE IMPACT OF THE OIL EMBARGO, UNCLASSIFIED

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AND A VERY MUCH OVERVALUED PESO.

4. FINALLY, TAKING INTO ACCOUNT THAT THE IMPORT ELASTICITY RATE IS APPROXIMATELY 1.5, AND THAT THE GROSS DOMESTIC PRODUCT (GDP) AVERAGE GROWTH RATE AT CONSTANT PRICES HAS BEEN APPROXIMATELY 5.0 PERCENT OVER THE PAST 10 YEARS, POST ESTIMATES THAT A MORE REALISTIC AVERAGE GROWTH RATE FOR IMPORT AT CONSTANT PRICES BETWEEN 1974 AND 1980 COULD BE BETWEEN 5 AND 7.5 PERCENT.
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